



Final Loan Review Findings

Mitigated Findings for Quarter ending June 30, 2014



The initial loan review ratings for the quarter ending June 30, 2014 were shared in the September 2014 edition of Lender Insight. The updated report below reflects the revised results as of a data refresh on January 1, 2015.

Finding Category	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
Program Eligibility	9%	51%	45%	7%	-87%
Credit/Underwriting	26%	67%	55%	12%	-82%
Collateral/Asset Valuation	7%	33%	29%	4%	-87%
Operational Deficiencies	9%	50%	39%	12%	-77%
File Documentation	49%	29%	25%	4%	-87%
Totals	100%				

Total Loans Reviewed:	5,217
Conforming:	18%
Deficient:	35%
Initial Unacceptable (U):	47%
Mitigated (M):	40%
Unacceptable (U) as of 10/1/14:	7%
Indemnifications Received:	306

Top 5 Findings Ranked by Category

Program Eligibility	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
1. Purchase contract, Real Estate Certificate and/or amendatory clause missing, illegible or incorrect.	29%	24%	22%	2%	-91%
2. Borrower not owner occupant, property not principal residence, possible investor issues and/or eligibility requirements for principal residence not met.	13%	36%	29%	8%	-79%
3. Issues related to National Mortgage Licensing System registration requirements.	10%	22%	20%	2%	-91%
4. Mortgage amount incorrect, loan-to-value limit and/or statutory limit exceeded.	10%	96%	77%	19%	-80%
5. Newly constructed home does not meet requirements.	8%	76%	75%	2%	-98%
6. All other	31%	72%	63%	9%	-88%
	100%				

Credit and Underwriting	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
1. Unacceptable, unsupported or insufficient source of funds.	16%	67%	57%	10%	-85%
2. Obligations of borrower(s) (non-purchasing spouses included) omitted, inaccurate, not supported, not disclosed, and/or illegible.	14%	68%	56%	13%	-81%
3. Income improperly documented.	13%	64%	54%	10%	-85%
4. Concerns related to assets derived from gift(s).	13%	66%	57%	9%	-86%
5. CAIVRS, LDP/GSA authorization and/or delinquent federal debt issues not properly documented or satisfied.	12%	44%	38%	6%	-87%
6. All other	32%	75%	59%	17%	-78%
	100%				

Updated
Jan. 1, 2015

Top 5 Findings Ranked by Category (Continued)

Collateral/Asset Valuation	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
1. Concerns related to Sales Comparison Approach section of the appraisal report.	41%	15%	12%	3%	-79%
2. Concerns related to the Neighborhood, Site, and/or Improvements section of the appraisal report.	33%	22%	20%	2%	-91%
3. Property does not meet Minimum Property Requirements or Standards.	12%	83%	73%	10%	-88%
4. Repairs not acceptably addressed.	7%	87%	77%	9%	-89%
5. Appraisal is missing or expired.	5%	55%	51%	4%	-93%
6. All other	1%	64%	36%	29%	-56%
	100%				

Operational Deficiencies	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
1. Data integrity deficiencies: File documentation does not support Accept/Approve decision in AUS.	46%	57%	43%	15%	-74%
2. Lender Insured data integrity concerns: Insured loan data entered in FHA Connection is not supported by file documents.	25%	28%	21%	7%	-74%
3. Unallowable, excessive costs/credits to borrower or other HUD-1 and/or Good Faith Estimate inaccuracies.	14%	74%	62%	12%	-84%
4. Non-Lender Insured data discrepancies exist between information entered into FHA Connection and the case binder, but do not affect loan approval or insurability.	11%	24%	18%	7%	-72%
5. Sales contract dated less than 91 days from acquisition date by seller.	2%	100%	80%	20%	-80%
6. All other	2%	82%	73%	9%	-89%
	100%				

File Documentation	% of Total	% Initial U	% M	% U as of 1/1/15	% Change
1. Form HUD-92900-A not properly completed or missing.	23%	9%	8%	2%	-83%
2. HUD-92900-LT FHA Loan Underwriting and Transmittal Summary is missing, illegible or incorrect.	11%	12%	10%	1%	-88%
3. HUD-92800.5B substantially incomplete, incorrect or missing.	11%	7%	7%	0%	-95%
4. Uniform Residential Loan Application not properly completed or missing.	11%	7%	6%	1%	-87%
5. HUD-1, HUD-1 Addendum if applicable, and/or Good Faith Estimate either missing, not the final copy, not complete or illegible.	8%	16%	15%	1%	-92%
6. All other	36%	62%	54%	8%	-87%
	100%				